

**OLD GRANADA VILLAGE
BUSINESS IMPROVEMENT DISTRICT**

ATTACHMENT A

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

*Prepared by
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MARCH 2, 2011

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the renewed Old Granada Village Business Improvement District ("OGVBID") will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature of Edward V. Henning in black ink, written over a horizontal line.

Edward V. Henning

RPE #26549

3-2-11

Date

(NOT VALID WITHOUT CERTIFICATION SEAL AND SIGNATURE HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIIIID of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the OGVBID in the City of Los Angeles, California being renewed for a five (5) year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the OGVBID.

Background

The OGVBD is a property-based benefit assessment district being renewed as a Property and Business Improvement District (PBID) under California Streets and Highways Code Section 36600 et seq. Property and Business Improvement District Act of 1994, as amended (hereinafter “State Law”). Due to the benefit assessment nature of assessments levied within a PBID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the State Law, frequent references are made to the concept of relative “benefit” received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID funded programs and activities may be assessed and only in an amount proportional to the relative benefits expected to be received.

The method used to determine benefits derived by each identified property within a PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the OGVBD, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any different levels of benefit which may apply on a parcel by parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different “weights” or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, district administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or “special” benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to benefits conferred in a manner similar to privately owned property assessments.

From this, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be

computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. PBIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the OGVBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the OGVBID, Prop 218 requirements will be taken into account first. The key provisions of Prop 218 along with a description of how the OGVBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

Each of the “identified” individual parcels within the OGVBID will derive special benefit from the District programs and activities. The benefits are special and unique only to the identified properties within the District because programs and services (i.e. image enhancement; maintenance; administration; and special projects/contingency) will only be provided directly for the identified properties. These identified benefiting parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan and this Report - identified by assessor parcel number. Three benefit zones have been identified within the OGVBID:

Zone 1: Includes both sides of Chatsworth Street, the major commercial thoroughfare in the Old Granada Village, between Zelzah Avenue on the west and Encino Avenue on the east. Zone 1 has the highest level of pedestrian and auto traffic and retail density, and, in turn, the greatest demand and need for BID funded services. Zone 1 properties receive maximum special benefits and a full array of services and programs at the highest level within the BID. Zone 1 BID funded services and programs include image enhancement, regular maintenance, administration and special projects/contingency.

Zone 2: Includes the commercial portions of secondary streets in Old Granada Village inclusive of Zelzah Avenue, Yarmouth Avenue, White Oak Avenue and Shoshone Avenue. These secondary streets have less pedestrian and auto traffic and retail density than Zone 1 and, in turn, a lower demand and need for BID funded services. Zone 2 properties receive a moderate degree (50%) of special benefits, services and programs compared with Zone 1. Zone 2 BID funded services and programs include image enhancement, regular maintenance, administration and special projects/contingency.

Zone 3: Includes several parcels west of Zelzah Avenue consisting primarily of two major shopping centers. These centers currently provide physical services such as landscaping, day porters, sweeping and other related services around their perimeter and within their parcel boundaries for the benefit of their business tenants and do not need many of the services provided by the BID. Zone 3 properties receive a low degree (10%) of special benefits, services and programs from the BID compared with Zone 1. Zone 3 BID funded services and programs include image enhancement (marketing, advertising, periodic sidewalk cleaning, light pole painting/decorations), administration and special projects/contingency.

All identified parcels and uses within the OGVBID will be assessed to fund special benefit services as outlined in this Report. Each identified parcel will benefit proportionately to the BID funded programs and services based on its benefit zone, the levels of service provided and the assessed property characteristic (land area).

Boundary Description and Rationale

The boundaries of the renewed Old Granada Village Business Improvement District are generally bounded on the east by Encino Avenue, on the south by Kingsbury Street, on the west by Lindley Avenue and the retail parcels west of Lindley between Chatsworth Street and Tribune Street, and on the north by Tribune Street and Los Alimos Street. The boundaries of the district represent the contiguous, retail related properties in the heart of Old Granada Hills Village, and are more specifically described as follows:

Beginning at the northeast corner of the intersection of Lindley Avenue and Kingsbury Street; thence east along the north side of Kingsbury Street to the northwest corner of the intersection of Kingsbury Street and Zelzah Avenue; thence north along the west side of Zelzah Avenue to the westerly prolongation of the south side of Parcel 2733-003-032; thence east along the south side of Parcel 2733-003-032 and its westerly prolongation to the southeast corner of Parcel 2733-003-032; thence north along the east side of Parcel 2733-003-032 and its northerly prolongation to the north side of Kingsbury Street; thence east along the north side of Kingsbury Street to the southeast corner of Parcel 2733-005-018; thence north along the east side of Parcel 2733-005-018 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the northerly prolongation of the west side of Parcel 2733-005-027; thence south along the west side of Parcel 2733-005-027 and its northerly prolongation to the southwest corner of said Parcel; thence east along the south side of Parcel 2733-005-027 and its easterly prolongation to the east side of Yarmouth Avenue; thence south along the east side

of Yarmouth Avenue to the southwest corner of Parcel 2733-006-024; thence east along the south side of Parcel 2733-006-024 to the southeast corner of said Parcel; thence north along the east side of Parcel 2733-006-024 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the northerly prolongation of the west side of Parcel 2733-006-012; thence south along the west side of Parcel 2733-006-012 and its northerly prolongation to the north side of Kingsbury Street; thence east along the north side of Kingsbury Street to the southeast corner of Parcel 2733-009-022; thence north along the east side of Parcel 2733-009-022 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street and its easterly prolongation to the east side of Shoshone Street; thence south along the east side of Shoshone Street to the southwest corner of Parcel 2733-018-031; thence east along the south side of Parcel 2733-018-031 to the southeast corner of said Parcel; thence north along the east side of Parcel 2733-018-031 and its northerly prolongation to the south side of the Parcels fronting the south side of Chatsworth Street; thence east along the south side of the Parcels fronting the south side of Chatsworth Street to the west side of Encino Avenue; thence north along the west side of Encino Avenue to the north side of the Parcels fronting the north side of Chatsworth Street; thence west along the north side of the Parcels fronting the north side of Chatsworth Street to the southerly prolongation of the east side of Parcel 2712-028-026; thence north along the east side of Parcel 2712-028-026 and its southerly prolongation to the south side of Los Alimos Street; thence west along the south side of Los Alimos Street to the northwest corner of Parcel 2712-029-025; thence south along the west side of Parcel 2712-029-025 and its southerly prolongation to the north side of the Parcels fronting the north side of Chatsworth Street; thence west along the north side of the Parcels fronting the north side of Chatsworth Street to the southerly prolongation of the east side of Parcel 2712-030-002; thence north along the east side of Parcel 2712-030-002 and its southerly prolongation to the northeast corner of said Parcel; thence west along the north side of Parcel 2712-030-002 and its westerly prolongation to the west side of Zelzah Avenue; thence north along the west side of Zelzah Avenue to its intersection with the westerly prolongation of the north side of Los Alimos Street; thence east along the north side of Los Alimos Street and its westerly prolongation to the southeast corner of Parcel 2712-021-026; thence north along the east side of Parcel 2712-021-026 to the northeast corner of said Parcel; thence west along the north side of Parcel 2712-021-026 and its westerly prolongation to the west side of Zelzah Avenue; thence north along the west side of Zelzah Avenue to the northeast corner of Parcel 2715-025-055; thence west along the north side of Parcel 2715-025-055 to the east side of Lindley Avenue; thence south along the east side of Lindley Avenue to its intersection with the easterly prolongation of the north side of Parcel 2715-012-041; thence west along the north side of Parcel 2715-012-041 and its easterly prolongation to the east side of Aliso Creek; thence southerly along the east side of Aliso Creek to the north side of Chatsworth Street; thence east along the north side of Chatsworth Street to the northeast corner of the intersection of Chatsworth Street and Lindley Avenue; thence south along the east side of Lindley Avenue to the point of beginning.

District Boundary Rationale

In order to ensure parcels outside the district will not specifically benefit from the improvements and services funded with the assessment, improvements and services will only be provided to individual assessed properties within the boundaries of the District. Specifically, maintenance and similar service providers employed in connection within the District will not provide services outside District boundaries, nor will District promotional efforts promote activities outside District

boundaries.

Northern Boundary: The northern boundary of the Old Granada Village Business Improvement District is somewhat irregular and was determined by the parcel zoning and land uses along the northern edge of the District. Generally, commercially zoned and used properties located between Chatsworth Street and Los Alimos Street (east of Zelzah Avenue) and between Chatsworth Street and Tribune Street west of Zelzah are included in the District. All other parcels along the northern edge are either zoned residential or have residential uses and are excluded from the District boundaries. Per State of California Streets and Highways Code Section 36632(c) residentially zoned properties are conclusively presumed not to benefit from the improvements and service funded through these assessments.

All of the services provided, such as maintenance of Old Granada Village, are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on the particular needs of each property within the District provide particular and distinct benefits to each of the parcels with the District. Each property within the District receives special benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual parcels within the boundaries of the District.

Eastern Boundary: The area to the east of Encino Avenue is a mix of properties zoned for residential purposes and non-retail related businesses or land uses without storefronts, all of which do not share the same needs as the properties within the District boundaries and thus are excluded from the District boundaries.

All of the services provided, such as maintenance of Old Granada Village are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on the particular needs of each property within the District provide particular and distinct benefits to each of the parcels with the District. Each property within the District receives special benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual parcels with the boundaries of the District.

Southern Boundary: The southern boundary of the Old Granada Village Business Improvement District is somewhat irregular and was determined by the parcel zoning and land uses along the southern edge of the District. Generally, commercially zoned and used properties located between Chatsworth Street and Kingsbury Street are included in the District. All other parcels along the southern edge are either zoned residential or have residential uses and are excluded from the District boundaries. Per State of California Streets and Highways Code Section 36632(c) residentially zoned properties are conclusively presumed not to benefit from the improvements and service funded through these assessments.

All of the services provided, such as maintenance of Old Granada Village are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and

because of the unique nature of these services focusing on the particular needs of each property within the District provide particular and distinct benefits to each of the parcels with the District. Each property within the District receives special benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual parcels with the boundaries of the District.

Western Boundary: The western boundary of the Old Granada Village Business Improvement District was determined by the zoning and land uses of the parcels along the western edge of the District. The properties generally located to the west of Lindley Avenue and/or the Aliso Creek Flood Control Channel are zoned for residential purposes and as per State of California Streets and Highways Code Section 36632(c) are conclusively presumed not to benefit from the improvements and service funded through these assessments.

All of the services provided, such as maintenance of Old Granada Village are services that are over and above the City's baseline level of services and are not provided by the City. These services are not provided outside the District and because of the unique nature of these services focusing on the particular needs of each property within the District provide particular and distinct benefits to each of the parcels with the District. Each property within the District receives special benefits and is assessed regardless of property use. In order to ensure that parcels outside of District will not specially benefit from the unique improvements and services funded with the assessment, improvements and services will only be provided to individual parcels with the boundaries of the District.

Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the property owners. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

In the case of the OGVVID, the very nature of the purpose of this district is to fund supplemental programs, improvements and services within the PBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources.

The following special benefit services shall only be provided to benefiting parcels within the district at a frequency and extent determined by their benefit zone.

Image Enhancement (\$60,651)

The Image Enhancement category includes: a) Streetscape Improvements – inclusive of new landscaped medians and parkways; additional street furniture and tree planting; balance of street light poles will be painted; decorative amenities such as medallions or flags, for example, may be affixed to the street light poles; crosswalk enhancements and other improvements, as approved by the Owner’s Association; b) The Marketing/Promotions program will include newsletters and other promotional materials, seasonal decorations, special events and other programs that will promote the BID; c) Periodic, as needed, sidewalk cleaning in Zone 3 and coordination of volunteer district-wide “cleanup days” with area High Schools.

Services will only be provided within the BID boundaries. These services are designed to increase foot traffic, improve the commercial core, increase marketing of commercial entities in the District and improve the aesthetic appearance of the District. Because the services focus on increasing commercial activity within the district boundaries only, any spillover of general benefits to the surrounding community is intangible and unquantifiable. It is not feasible to measure the general benefits.

Maintenance (\$21,218)

Maintenance of all completed improvements will be priority of the renewed BID. Trees will be kept trimmed and shaped to maintain pedestrian clearance. Newly planted trees will be watered on a regular basis until mature enough to be self-sustaining, at which time the funds will be re-allocated towards additional maintenance services. Landscaped medians will be regularly kept clear of trash and debris, weeded weekly, and fertilized on a scheduled basis. Irrigation systems will be continually checked and serviced. Sidewalks will be regularly kept clean and benches will be wiped down and kept graffiti free. These regularly programmed services will only be provided in Zones 1 and 2 with no regular services provided by the BID in Zone 3 since they are already provided with similar services by the two shopping centers in Zone 3. Zone 2 will have half the service level of Zone 1 because of lower need and demand for these maintenance services.

Administration (\$28,644)

Included in the Administration component are the costs for a part-time Executive Director, bookkeeping, office expenses, legal and accounting fees, bank charges, annual report, Directors & Officers and General Liability insurance. Services will be provided in all three zones, pro-rated based on the percent of targeted revenue to be generated by each zone.

Special Projects/Contingency (\$7,981)

The Special Projects/Contingency budget includes City/County collection fees, and additional projects the Owners’ Association (BID) deems appropriate such as incentives to property owners for storefront remodeling and other physical property improvements, marketing of lease space availability, and supplemental special advertising campaigns. Services will be provided in all three zones, pro-rated based on the percent of targeted revenue to be generated by each zone. Each of these programs, improvements and services are designed to provide special benefits to individual commercial parcels within the BID boundaries only.

The proposed BID assessments will only be levied on identified properties within the BID boundaries and assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties and the aesthetic appearance of the District.. Inasmuch as no services will be provided beyond the BID boundaries to the surrounding communities or to the public in general, any general benefit is unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Frequency of Services

The frequency of services is pre-programmed and determined by the costs apportioned to each benefiting zone. Benefit Zone 1 parcels will derive the greatest benefit and shall pay for all special benefit services. Benefit Zone 2 parcels will receive lower levels of service than Zone 1 and will derive less benefit and be assessed at 50% of Zone 1 rates. Benefit Zone 3 parcels will be provided with minimal level of service (including little or no maintenance services) and will derive the least level special benefit. Zone 3 will be assessed at 10% of Zone 1 rates.

Five Year Operating Budget:

A projected five-year operating budget for the OGV BID is shown below. Assessment rates will remain fixed through the five year term of the District and budget line items, unless reallocated as stipulated in the Management Plan, will remain the same.

Revenues for specific programs may be reallocated from year-to-year among District activities within a 10% range within each budget line item and may not exceed 10% of the total budget for all program and activities. If deviation in a budget line item exceeds 10%, or if the District decides to make budget allocation changes that exceed 10% of the total budget for all programs, improvements and activities, and such changes could or may adversely impact the benefits received by the assessed property owners in the District, the District will request City Council authorization to modify the programs, improvements and activities to be funded pursuant to the OGV BID ordinance. However, in no event may the Owners Association spend more than the total amount budgeted in the Management District Plan for any given year, including delinquent payments, interest income and rollover fund. The 5 year projected budget is as follows:

FIVE YEAR BUDGET PROJECTION (0% Increase per Year)

<u>CATEGORY</u>	<u>2011-2015</u>
IMAGE ENHANCEMENT	\$60,651 (51%)
MAINTENANCE	\$21,218 (18%)
ADMINISTRATION	\$28,644 (24%)
SPECIAL PROJECTS/CONTINGENCY	<u>\$ 7,981</u> (7%)
<i>TOTAL</i>	<i>\$118,494 (100%)</i>

The breakdown of program budgets by benefit zone is shown in the table below.

SERVICE	ZONE 1	ZONE 2	ZONE 3	TOTAL	%
IMAGE ENHANCEMENT	\$ 37,843	\$ 7,192	\$ 15,616	\$ 60,651	51.18%
MAINTENANCE	\$ 18,218	\$ 3,000	\$ -	\$ 21,218	17.91%
ADMINISTRATION	\$ 18,990	\$ 3,854	\$ 5,800	\$ 28,644	24.17%
SPECIAL PROJECTS/ CONTINGENCY	\$ 4,005	\$ 1,500	\$ 2,476	\$ 7,981	6.74%
TOTALS:	\$ 79,056	\$ 15,546	\$ 23,892	\$ 118,494	100.00%
% Budget by Zone	66.72%	13.12%	20.16%		
Total Land Area by Zone (SF)	547,932	215,487	1,657,566	2,420,985	
Assessment Rates (\$/SF)	0.144280547	0.072141404	0.014414087		

It is noted that Zone 1 generates about 67% of the BID revenue, Zone 2 generates about 13% and Zone 3 about 20%. The subtotal allocation of expenses within each benefit zone equates to the revenue generated by that zone. As discussed in Finding 1 above, Zone 2 rates are set at 50% of Zone 1 rates while Zone 3 rates are set at 10% of Zone 1 rates.

Each of these programs and activities work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of the commercial corridor through the attraction and retention of new business and increased commerce. The programs, improvements and services are designed to specifically benefit the assessed properties within the OGVBID boundaries. The proposed OGVBID assessments will only be levied on properties within the OGVBID boundaries that specially benefit from OGVBID services, improvements and activities. Assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no services will be provided beyond the OGVBID boundaries to the surrounding communities or to the public in general, any general benefits are unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the District will be assessed based on property characteristics unique only to that parcel. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are

proportional to each and every other identified parcel within its respective benefit zone and the District as a whole. Larger parcels are expected to impact the demand for services and programs to a greater extent than smaller ones and thus are assigned a higher proportionate degree of the District program and service costs. The proportionality is further achieved by setting targeted formula component relationships for the respective parcel by each identified benefit zone.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula component and are listed in the Management District Plan and as an attachment to this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the OGVBID, they are also considerably less than other options considered by the OGVBID steering committee. The actual assessment for each parcel within the OGVBID directly relates to the level of service to be provided within the benefit zones and the respective parcel size.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

The Old Granada Village Business Improvement District Management Plan assumes that the City of Los Angeles and other governmental entities will pay assessments for property owned within the boundaries of the District. Article XIII D of the California Constitution was added in November of 1996 to provide for these payments.

Proposition 218, also known as “The Right to Vote on Taxes Act states *“Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.”*

Currently, there are no governmental owned parcels in the Old Granada Village Business Improvement District.

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the OGVBID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix A to the Management District Plan. The District and resultant assessment payments will continue for five years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment in Zone 1, 2 and 3 is attributed to the specific amount of land area of each parcel. There are three (3) Benefit Zones identified.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

The specific nature of the program activities to be funded by the OGVBID (i.e. image enhancement; maintenance; administration; and special projects/contingency) relate directly to the proportionate amount of land area of each parcel.

The “Basic Benefit Units” will be expressed as a function of land area (Benefit Unit “A”). Based on the shape of the OGVBID, as well as the nature of the District program elements, it is determined that all properties will gain a direct and proportionate degree of special benefit based on the respective amount of parcel size. It is noted that three benefit zones have been identified within the BID. In the opinion of this Engineer, Zone 2 rates will be set and weighted at 50% of Zone 1 rates based on corresponding reduced programmed services and, in turn, benefits conferred. In the opinion of this Engineer, Zone 3 rates shall be set and weighted at 10% of Zone 1 rates, again, based on reduced programmed services and, in turn, benefits conferred.

Residential Uses/Residential Zones/Agricultural Zones: Residential and agriculture zoned parcels and/or those with residential uses have been excluded from the District boundaries. Whether zoned solely for residential or not, these parcels are presumed not to benefit from OGVBID funded programs and improvements and thereby are not included and will not be assessed.

Assessment Formula Factor

The application of a single assessment formula rate factor, i.e. land area, is an acceptable method of fairly and equitably spreading special benefit costs to the beneficiaries of PBID funded services, programs and improvements in districts where a generally homogeneous development pattern exists without extreme building FAR and height differentials. This single property factor directly relates to the degree of benefit each parcel will receive from PBID funded activities.

Land Area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on PBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate 100% of the total PBID revenue.

Based on cost projections and service level allocations, Zone 1 should generate about 67% of the assessment revenue, Zone 2 about 13% and Zone 3 about 20%.

Future Development

As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due to various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, parcel size and changes in street frontage measurements affecting parcel size may occur. Any such modifications will result in recalculation of assessments for new and/or modified parcels based on assessment rates in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Plan and the Engineer's Report. **It is noted that any change in assessment formula methodology or rates other than as stipulated in the this Plan and the Engineer's Report would require a new Proposition 218 ballot procedure in order to approve such changes.**

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties, the respective assessable benefit units are listed below:

Zone 1 = 547,932

Zone 2 = 215,487

Zone 3 = 1,657,566

Total = 2,420,985

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the OGVBID was computed from data extracted from County of Los Angeles Assessor records and maps. These data source delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data

being used for assessment computations will be provided to each property owner in the PBID for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

The OGV BID assessment is to be based on one Basic Benefit Unit factor - parcel size (Benefit “A” Units), within three (3) Benefit Zones. It has been determined that Zone 2 assessment rates should be set at approximately 50% of Zone 1 rates while Zone 3 rates should be set at approximately 10% of Zone 1 rates. It is noted that Zone 2 and Zone 3 rate factors are only approximately 50% and 10% of Zone 1 rates due to slightly inconsistent rounding up and down of unit rates over the years since the BID’s inception and the decision to continue on with the same rates for each zone as have been used for the past two years of the current BID. The current proposed assessment rates are as follows:

Benefit Unit A Rate =

Total Costs / [(Zone 1 factor) x Zone 1 units) + (Zone 2 factor) x Zone 2 units) + (Zone 3 factor) x Zone 3 units)]

= \$118,494/ [(1.0 x 547,932) + (0.5 x 215,487) + (0.10 x 1,657,566)] = \$0.144280547/Sq Ft land

Assessment Formula Factors:

Zone 1

(Benefit Unit “1-A”) = \$0.144280547/unit

Zone 2

(Benefit Unit “2-A”) = approximately 50%* x \$0.144280547/unit = \$0.072141404/unit

* actual % = 50.000783542%

Zone 3

(Benefit Unit “3-A”) = approximately 10%** x \$0.144280547/unit = \$0.014414087/unit

** actual % = 9.990319069%

The assessment formula is: <i>Land Area x Unit A factor</i>

Step 5. Estimate Total District Costs

The total District costs are shown below.

Total 2011-2015 Annual District Costs

PROGRAM OR ACTIVITY FUNDED BY OLD GRANADA VILLAGE BUSINESS IMPROVEMENT DISTRICT	APPROXIMATE % 2011 BUDGET	ESTIMATED 2011 COSTS
Image Enhancement	51 %	\$ 60,651
Maintenance	18 %	\$ 21,218
Administration	24 %	\$ 28,644
Special Projects/Contingency	7 %	\$ 7,981
TOTAL	100%	\$118,494

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All general benefits (if any) are intangible and unquantifiable. All benefits derived from the assessments outlined in the District Management Plan are for services directly benefiting the property owners within this area and support increased commerce. All programs, services and improvements are provided solely to identified properties within the district to enhance the image of the properties and businesses within the OGVBID. No services are delivered outside the boundaries. Any potential spill over effect is unquantifiable. Total District revenues are shown below.

Total 2011-2015 Annual District Revenues

Funding Source	Subtotal Revenue	% of Total
PBID Assessments	\$118,494	100.00%
TOTAL DISTRICT REVENUE	\$118,494	100.00%

Step 7. Calculate “Basic Unit Cost”

With a 2011 annual budget of \$118,494, the Basic Unit Costs (“A”) are shown above in Step 4. Since the renewed OGVBID is planned for a five year term, maximum assessments for future years (2012-2015) must be set at the inception of the renewal period. Since no increase in assessment rates is proposed in the renewed District, the 2011 rates shall remain the same for 2012-2015. The maximum rates per Zone for 2011-2015 are as follows

Year 1-5 Maximum Assessment Rates (Per Sq Ft of Land Area)

(0% increase per year)

Zone	2011	2012	2013	2014	2015
1	\$0.144280547	\$0.144280547	\$0.144280547	\$0.144280547	\$0.144280547
2	\$0.072141404	\$0.072141404	\$0.072141404	\$0.072141404	\$0.072141404
3	\$0.014414087	\$0.014414087	\$0.014414087	\$0.014414087	\$0.014414087

Step 8. Spread the Assessments

The resultant assessment spread calculations for each parcel within the PBID are shown in Appendix A attached hereto and were determined by applying the District assessment formula to each identified benefiting property.

APPENDIX A

2011 ASSESSMENT ROLL

APN	2011 AssMT	APN	2011 AssMT	APN	2011 AssMT
2712-021-026	\$1,977.54	2712-030-013	\$494.02	2733-006-008	\$937.68
2712-027-026	\$988.03	2712-030-014	\$988.03	2733-006-009	\$468.91
2712-027-027	\$1,185.99	2712-030-015	\$988.03	2733-006-010	\$1,406.59
2712-027-028	\$1,778.98	2712-030-016	\$494.02	2733-006-011	\$1,112.98
2712-027-029	\$1,481.91	2712-030-017	\$494.02	2733-006-012	\$237.85
2712-027-030	\$988.03	2712-030-018	\$494.02	2733-006-013	\$237.85
2712-027-031	\$1,964.09	2712-030-019	\$988.03	2733-006-014	\$476.06
2712-027-033	\$1,967.12	2712-030-020	\$988.03	2733-006-015	\$237.85
2712-027-036	\$1,481.91	2712-030-032	\$2,581.18	2733-006-016	\$469.78
2712-028-001	\$773.86	2715-012-039	\$192.13	2733-006-025	\$1,406.59
2712-028-013	\$1,173.43	2715-012-040	\$481.33	2733-006-026	\$1,581.89
2712-028-014	\$494.02	2715-012-041	\$339.77	2733-009-001	\$2,240.53
2712-028-015	\$494.02	2715-025-048	\$302.26	2733-009-002	\$937.68
2712-028-016	\$1,976.64	2715-025-055	\$11,973.52	2733-009-003	\$937.68
2712-028-020	\$494.02	2731-008-022	\$318.65	2733-009-004	\$937.68
2712-028-021	\$988.03	2731-008-023	\$10,284.64	2733-009-005	\$937.68
2712-028-022	\$988.03	2733-003-032	\$1,096.41	2733-009-006	\$937.68
2712-028-023	\$1,185.99	2733-005-003	\$434.28	2733-009-007	\$937.68
2712-028-024	\$1,175.89	2733-005-004	\$441.21	2733-009-008	\$937.68
2712-028-025	\$519.78	2733-005-005	\$905.65	2733-009-009	\$468.91
2712-028-026	\$1,277.48	2733-005-006	\$930.18	2733-009-010	\$1,581.31
2712-028-027	\$2,470.80	2733-005-010	\$1,406.59	2733-009-021	\$780.07
2712-029-016	\$1,173.43	2733-005-018	\$757.34	2733-009-022	\$1,033.71
2712-029-017	\$988.03	2733-005-021	\$230.64	2733-018-012	\$1,862.81
2712-029-018	\$988.03	2733-005-024	\$206.76	2733-018-013	\$704.53
2712-029-019	\$988.03	2733-005-025	\$194.49	2733-018-014	\$468.91
2712-029-020	\$988.03	2733-005-026	\$1,581.89	2733-018-015	\$937.68
2712-029-021	\$988.03	2733-005-027	\$738.01	2733-018-016	\$937.68
2712-029-022	\$988.03	2733-005-031	\$937.68	2733-018-017	\$937.68
2712-029-023	\$494.02	2733-005-032	\$455.65	2733-018-018	\$937.68
2712-029-024	\$1,667.31	2733-005-033	\$727.17	2733-018-031	\$1,031.62
2712-029-025	\$1,421.98	2733-005-034	\$448.43	2733-018-806	\$3,741.63
2712-029-026	\$237.85	2733-006-006	\$937.68	Total	\$118,493.76
2712-030-012	\$1,173.43	2733-006-007	\$937.68		